

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2
3 **A.** My name is David R. Stearns and my business address is the Division of Public Utilities
4 and Carriers (“Division”), 89 Jefferson Boulevard, Warwick, RI 02888.
5

6 **Q. ARE YOU THE SAME DAVID R. STEARNS WHO, ON FEBRUARY 8, 2006,**
7 **FILED DIRECT TESTIMONY AND EXHIBIT DS-1 IN THIS DOCKET, RIPUC**
8 **NO. 3707?**
9

10 **A.** Yes, I am.
11

12 **Q. WHAT IS THE PURPOSE OF THIS SURREBUTTAL?**
13

14 **A.** This surrebuttal is being filed in response to the rebuttal testimony and attachments filed
15 on March 01, 2006 by Walter E. Edge, Jr. Specifically, I will address the portion of Mr.
16 Edge’s rebuttal presented on page 2, lines 11 through 29, and page 3, lines 1 through 7.
17 This portion of Mr. Edge’s testimony deals with the electric expense adjustment proposed
18 by me on behalf of the Division.
19

20 **Q. DO YOU AGREE WITH THE COMMENTS MADE BY MR. EDGE IN HIS**
21 **REBUTTAL TESTIMONY?**
22

23 **A.** No, I do not. Mr. Edge states that in previous filings, NBC has rounded its dollar per kWh
24 calculations to three places. Even if that is accurate, it is irrelevant. In fact, in NBC’s most
25 recent rate filing, Docket 3483, the rates presented in Mr. Edge’s electricity expense
26 schedule, WEE-17, are carried to four places, while the amount approved by the
27 Commission in that docket was developed using rates rounded to five places (Schedule DS
28 S-1). It is the practice of Narragansett Electric d/b/a National Grid (“Narragansett”), the
29 distribution company serving NBC, to carry rates to five decimal places for billing
30 purposes. To more accurately project these expenses, then, it is logical to carry calculated
31 rates to five decimal places. In addition, the rate year supply cost on WEE-10 is calculated
32 using the actual contract dollar per kWh rate secured by NBC, and is expressed as a five-
33 place decimal. Mr. Edge has stated not that my adjustment is incorrect, but only that my

1 adjustment amounts to “nitpicking”. In fact, my intent is to arrive at the most accurate
2 forecast of costs using the best data available.

3
4 **Q. DO YOU HAVE ADDITIONAL CONCERNS REGARDING THE**
5 **CALCULATIONS PRESENTED ON SCHEDULE WEE-10?**

6 Yes, it appears that NBC’s use of average rates for 2004 and 2005 has not been done
7 correctly. According to NBC’s response to Division data request number 2 of Set III, the
8 calculation on Schedule WEE-10 relies on an average cost per kWh at each location for
9 the two fiscal years 2004 and 2005. NBC’s response to data request number 3 of that set
10 provides the kWh and cost data for those two years. The delivery rate information
11 provided does not appear to support the average delivery costs on Schedule WEE-10. For
12 example, at the Bucklin Point location the delivery cost supplied for fiscal years 2004 and
13 2005 are \$0.026 and \$0.028, respectively. The resulting average used by Mr. Edge to
14 project rate year electricity costs is \$0.030, according to Schedule WEE-10, rather than
15 \$0.027. At the Interceptor Maintenance location, the delivery cost supplied for fiscal years
16 2004 and 2005 are \$0.089 and \$0.088, respectively. The average delivery rate for these
17 two years, according to Schedule WEE-10, is \$0.100/kWh. This situation exists in the
18 “averages” calculated for four of the five locations. The primary reason for my adjustment
19 is the re-calculation of the average delivery rates rather than that of carrying the rates to
20 five decimal places. To demonstrate, I have prepared Exhibit DS-S-1 (“DS-S-1”, attached
21 to this Testimony). The format of DS-S-1 is identical to that of Exhibit DS-1 (“DS-1”),
22 which was provided with my Direct Testimony in this docket. As the results show,
23 correctly averaging the 2004 and 2005 delivery rates as provided by NBC and carrying
24 them three decimal places and rounding up results in an adjustment of \$62,492 from
25 NBC’s position, a difference of only \$1,440 compared with my adjustment of \$63,932
26 presented in my direct testimony, and on Schedule DS-1. It is clear the difference between
27 NBC’s position and my position is not due to the number of places to which the rate is
28 carried but is in fact caused by a difference in the calculation of the two year average rates.

1 Q. **HAVE YOU ANY FURTHER COMMENTS REGARDING PAGES 2 OR 3 OF MR.**
2 **EDGE'S TESTIMONY?**

3
4 A. Yes: according to Mr. Edge, NBC's estimate of rate year kWh usage forecast for the
5 Bucklin Point facility, 14,150,000 kWh, is conservative. This is, in fact, NBC's estimate.
6 When asked by the Division to provide the basis for this estimate during the discovery and
7 review process, NBC supplied to the Division pertinent pages from the Bucklin Point
8 Management Contract. According to paragraph 3.8 on page 6 of the contract, if energy use
9 exceeds 14.15 Megawatt hours annually for the Bucklin Point facility (excluding sludge
10 dewatering and disposal building & operations) and given that flows average less than
11 certain stated levels, then AOSC (the contractor) is responsible for power costs over this
12 usage level; (It should be noted that if influent BOD and TSS loadings exceed base
13 loadings of 23.89 Dry Tons/day and 14.89 Dry Tons/day respectively, by 10% or more, the
14 kWh guarantee would be adjusted to reflect higher loadings and demand on the facility).
15 Because of this contractual cap on NBC's exposure on power costs, we accepted the 14.15
16 MWh estimated usage at Bucklin Point during the rate year as filed by NBC, and because
17 of the questionable average rates used by NBC, I must disagree with Mr. Edge's position
18 on rate year electricity costs.

19
20 Q. **ARE THERE ANY OTHER FACTORS THAT WILL AFFECT NBC'S RATE**
21 **YEAR ELECTRICITY COST?**

22
23 A. Yes, there is one additional factor: On November 15, 2005 Narragansett
24 Filed with the Commission revised transition and transmission rates (Docket 3706). The
25 Commission, in Order 18509, approved the filed rates, which became effective January 1,
26 2006. The net effect of the revised rates was a decrease of \$0.00138 per kWh. The effect
27 of this has not been reflected in NBC's case, nor did I reflect it in my direct testimony.

28
29 Q. **HAVE YOU ADJUSTED FOR THAT RATE CHANGE?**

30
31 A. Yes, I have. Accompanying this testimony is Exhibit DS-S-2, which is in the same format
32 as the attached Exhibit DS-S-1, and Exhibit DS-1, which was filed with my direct

1 testimony. I have reduced the average per kWh rates in columns H, lines 1 through 4, and
2 column C, lines 6 through 9, by the \$0.00138 per kWh rate reduction.

3
4 **Q. HAVE YOU ADDRESSED ANY OTHER ISSUES IN EXHIBIT DS-S-2?**

5
6 A. Yes: Mr. Catlin, on pages 14 and 15 of his direct testimony, explains an adjustment that
7 decreases NBC's rate year electricity cost by \$63,085. The adjustment is made in order to
8 correctly recognize the elimination of the Fields Point incinerator.

9 Mr. Edge, on page 1 of his rebuttal testimony, agrees with this adjustment. The \$63,085
10 decrease is shown on his Schedule WEE-R1 in account 54090, bringing the rate year cost
11 per NBC to \$3,370,287. However, the adjustment made by Mr. Catlin, and agreed to by
12 Mr. Edge, was calculated using the rates found on Exhibit DS-1. As explained above, I
13 have since reduced those rates by \$0.00138 per kWh to reflect Narragansett's current
14 approved rates. Therefore, further adjustment was necessary. To accomplish this I reduced
15 forecast electricity usage at Fields Point by 1,983,971 kWh. According to Mr. Edge's
16 response to Division data request 11 of set I, this is the average kWh used by the
17 incinerator during fiscal years 2004 and 2005. This is consistent with the periods used by
18 NBC in this docket to forecast rate year electricity use. My changes appear on Exhibit DS-
19 S-2 in column A, at line 6.

20
21 **Q. WHAT IS YOUR NET ADJUSTMENT TO RATE YEAR ELECTRICITY COST?**

22
23 A. As shown on Exhibit DS-S-2, I have calculated rate year electricity cost of \$3,260,501.
24 This is a net reduction of \$109,786 compared with the electricity cost of \$3,370,287
25 presented on Schedule WEE-R1.

26
27 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

28
29 A. Yes, it does.

STATE OF RI DIVISION OF PUBLIC UTILITIES AND CARRIERS
Narragansett Bay Commission - RIPUC Docket Number 3707
Calculation of Rate Year (F/Y 2007) Electricity Cost Using 2-Year Average
With Distribution Rates Carried to Three Decimal Places

Calculation of 2-Year Average \$/kWh:

| Line No. | Location | 2004 Delivery Cost | 2004 kWh Use | 2004 Avg \$/kWh | 2005 Delivery Cost | 2005 kWh Use | 2005 Avg \$/kWh | 2-Year Avg \$/kWh (Col. D + G Divided by 2) |
|----------|---------------|-----------------------|-------------------|--------------------|-----------------------|-------------------|--------------------|--|
| | <u>A</u> | <u>B</u> | <u>C</u> | <u>D</u> | <u>E</u> | <u>F</u> | <u>G</u> | <u>H</u> |
| | | Per NBC | Per NBC | (Col B / C) | Per NBC | Per NBC | (Col E / F) | |
| 1 | Fields Point | \$ 497,395 | 17,968,000 | 0.0280 | \$ 480,582 | 17,748,000 | 0.027 | 0.028 |
| 2 | Bucklin Point | 196,779 | 14,150,000 * | 0.0260 * | \$ 237,872 | 14,150,000 * | 0.028 * | 0.027 |
| 3 | COB | 32,108 | 1,029,800 | 0.0310 | \$ 34,067 | 1,126,800 | 0.030 | 0.031 |
| 4 | IM | <u>72,762</u> | <u>821,682</u> | <u>0.0890</u> | <u>\$ 67,802</u> | <u>770,358</u> | <u>0.088</u> | <u>0.089</u> |
| 5 | Totals | <u>\$ 799,044</u> | <u>33,969,482</u> | <u>0.02352</u> | <u>\$ 820,323</u> | <u>33,795,158</u> | <u>0.024</u> | |

Calculation of Rate Year Adjustment:

| | 2007 kWh Use | 2-Year Avg \$/kWh | 2007 Delivery Cost | 2007 Supply Cost | 2007 Customer Chg. | Total Prior to RIGRT | RIGRT | Total Incl. RIGRT |
|----------|------------------------------|-------------------------|-----------------------|---------------------|-----------------------|-------------------------|---------------------|----------------------|
| <u>A</u> | <u>B</u> | <u>C</u> | <u>D</u> | <u>E</u> | <u>F</u> | <u>G</u> | <u>H</u> | <u>I</u> |
| | (2-Year Avg. 2004 - 2005) | (Col H, Lines 1 - 4) | (Col. B x C) | (Col. B x 0.07195) | (Per NBC) | (Col. D+E+F) | (Col. I - G) | (Col. G / .96) |
| 6 | Fields Point | 17,858,000 | 0.028 | \$ 491,095 | \$ 1,284,883 | \$ 2,837 | \$ 1,778,815 | \$ 74,117 |
| 7 | Bucklin Point | 14,150,000 * | 0.027 * | 382,050 | 1,018,093 | 2,837 | \$ 1,402,980 | \$ 58,457 |
| 8 | COB | 1,078,300 | 0.031 | 32,888 | 77,584 | 2,837 | \$ 113,309 | \$ 4,721 |
| 9 | IM | <u>796,020</u> | <u>0.089</u> | <u>70,448</u> | <u>-</u> | <u>7,000</u> | <u>\$ 77,448</u> | <u>\$ 3,227</u> |
| 10 | Totals | <u>33,882,320</u> | | <u>\$ 976,481</u> | <u>\$ 2,380,559</u> | <u>\$ 15,511</u> | <u>\$ 3,372,551</u> | <u>\$ 140,523</u> |
| 11 | | | | | | | | \$ 3,513,074 |
| 12 | | | | | | | | \$ 142,194 |
| 13 | | | | | | | | \$ 3,370,880 |
| 14 | | | | | | | | \$ 3,433,372 |
| | | | | | | | | \$ (62,492) |

NOTE: * Bucklin Point kWh usage estimated due to large expansion of facility. \$/kWh actual from 2004 & 2005 invoices, per NBC.

STATE OF RI DIVISION OF PUBLIC UTILITIES AND CARRIERS
Narragansett Bay Commission - RIPUC Docket Number 3707
Calculation of Rate Year (F/Y 2007) Electricity Cost Using 2-Year Average

Calculation of 2-Year Average \$/kWh:

| Line No. | Location <u>A</u> | <u>2004</u> Delivery Cost <u>B</u> | <u>2004</u> kWh Use <u>C</u> | <u>2004</u> Avg \$/kWh <u>D</u> | <u>2005</u> Delivery Cost <u>E</u> | <u>2005</u> kWh Use <u>F</u> | <u>2005</u> Avg \$/kWh <u>G</u> | <u>2-Year</u> Avg \$/kWh <u>H</u> (Col. D + G Divided by 2) |
|----------|----------------------|--|------------------------------------|---------------------------------------|--|------------------------------------|---------------------------------------|---|
| | | Per NBC | Per NBC | (Col B / C) | Per NBC | Per NBC | (Col E / F) | |
| 1 | Fields Point | \$ 497,395 | 17,968,000 | 0.02768 | \$ 480,582 | 17,748,000 | 0.02708 | 0.02600 ^{3/} |
| 2 | Bucklin Point 1/ | 196,779 | 14,150,000 | 0.02640 | \$ 237,872 | 14,150,000 | 0.02770 | 0.02567 ^{3/} |
| 3 | COB | 32,108 | 1,029,800 | 0.03118 | \$ 34,067 | 1,126,800 | 0.03023 | 0.02933 ^{3/} |
| 4 | IM | <u>72,762</u> | <u>821,682</u> | <u>0.08855</u> | <u>\$ 67,802</u> | <u>770,358</u> | <u>0.08801</u> | <u>0.08690</u> ^{3/} |
| 5 | Totals | \$ <u>799,044</u> | <u>33,969,482</u> | <u>0.02352</u> | <u>\$ 820,323</u> | <u>33,795,158</u> | <u>0.02427</u> | |

Calculation of Rate Year Adjustment:

| Line No. | Location <u>A</u> | <u>2007</u> kWh Use <u>B</u> (2-Year Avg. FY 2004 - 2005) | 2-Year Avg \$/kWh <u>C</u> (Col H, Lines 1 - 4) | <u>2007</u> Delivery Cost <u>D</u> | <u>2007</u> Supply Cost <u>E</u> | <u>2007</u> Customer Chg. <u>F</u> | Total Prior to RIGRT <u>G</u> | RIGRT <u>H</u> | Total Incl. RIGRT <u>I</u> |
|----------|----------------------|---|---|--|--|---|-------------------------------------|-------------------|-----------------------------------|
| | | | (Col. B x C) | (Col. B x 0.07195) | (Per NBC) | (Col. D + E) | (Col. H - F) | (Col. F / .96) | |
| 6 | Fields Point 1/ | 15,874,029 | 0.02600 ^{3/} | \$ 412,728 | \$ 1,142,136 | \$ 2,837 | \$ 1,557,701 | \$ 64,904 | \$ 1,622,605 |
| 7 | Bucklin Point 2/ | 14,150,000 | 0.02567 ^{3/} | 363,231 | 1,018,093 | 2,837.00 | \$ 1,384,160 | \$ 57,673 | \$ 1,441,833 |
| 8 | COB | 1,078,300 | 0.02933 ^{3/} | 31,622 | 77,584 | 2,837.00 | \$ 112,043 | \$ 4,668 | \$ 116,712 |
| 9 | IM | <u>796,020</u> | <u>0.08690</u> ^{3/} | <u>69,177</u> | <u>-</u> | <u>7,000.00</u> | <u>\$ 76,177</u> | <u>\$ 3,174</u> | <u>\$ 79,351</u> |
| 10 | Totals | <u>31,898,349</u> | | <u>\$ 876,757</u> | <u>\$ 2,237,813</u> | <u>\$ 15,511</u> | <u>\$ 3,130,081</u> | <u>\$ 130,420</u> | |
| 11 | | | | | | | | | \$ 3,260,501 |
| 12 | | | | | | Rate Year Cost per NBC Schedule WEE-R1 | | | <u>\$ 3,370,287</u> ^{4/} |
| 13 | | | | | | Adjustment to NBC Revision (Schedule WEE-R1) | | | |
| 14 | | | | | | (Line 11 less Line 12) | | | <u>\$ (109,786)</u> |

NOTES: 1/ Adjusted to remove FY 2004 - 2005 average incinerator electricity usage of 1,983,971 kWh.

2/ Bucklin Point kWh usage estimated due to large expansion of facility. \$/kWh actual from 2004 & 2005 invoices, per NBC.

3/ Adjusted for \$0.00138 net reduction in Transition and Transmission rates.

4/ From NBC Rebuttal Rate Year Cost of Service, Schedule WEE-R1, Account 54090